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## Italy

### Citrus

### Citrus Annual 2005

### 2005

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**Report Highlights:**

Italian citrus production for 2005/06 is expected to be slightly up from last year. Orange production is forecasted up 10% from 2004/05, while other products are stable. The quality of the fruit is generally good. Italian citrus growers are targeting the U.S. market for their specialty products such as Sicilian blood oranges and Calabria organic tangerines.

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Includes PSD Changes: Yes

Includes Trade Matrix: No

Annual Report

Rome [IT1]

[IT]

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## Oranges

Italian fresh orange production in 2005 is expected to be 10% higher than in 2004, thanks to favorable weather conditions during the ripening season in the southern orange-producing regions. The quality of fruit is generally good but calibers are rather small because of the high number of fruits per plant. High humidity in fall might also result in high incidence of pest.

Imports are expected down due to the high domestic production compared to previous years. Domestic demand is generally stagnating, but low prices might boost household consumption of fresh fruits for direct consumption and for in-house squeezing.

Processing is still on the rise compared to previous years, despite the reduced EU payment, due to the difficulties in placing fresh production in either the domestic or in the international market.

## PSD Table

Country Commodity	Italy		(HECTARES)(1000 TREES)(100				UOM
	2003	Revised	2004	Estimate	2005	Forecast	
Market Year Begin	USDA Official	Estimate	USDA Official	Estimate	USDA Official	Estimate	
Area Planted	107008	107008	105292	106183	0	104435	(HECTARE)
Area Harvested	105288	105288	103653	104606	0	103208	(HECTARE)
Bearing Trees	49714	49714	49115	49115	0	0	(1000 TRE)
Non-Bearing Trees	0	0	0	0	0	0	(1000 TRE)
TOTAL No. Of Trees	49714	49714	49115	49115	0	0	(1000 TRE)
Production	1835	1835	1997	1997	0	2230	(1000 MT)
Imports	116	116	95	95	0	70	(1000 MT)
TOTAL SUPPLY	1951	1951	2092	2092	0	2300	(1000 MT)
Exports	86	86	100	100	0	110	(1000 MT)
Fresh Dom. Consumptior	948	948	1042	1042	0	1100	(1000 MT)
Processing	917	917	950	950	0	1090	(1000 MT)
TOTAL DISTRIBUTION	1951	1951	2092	2092	0	2300	(1000 MT)

## Orange Juice

No official data is publicly available for 2004/05 orange processing and stock in Italy. Last September 29, 2005 the EU Commission published EU Regulation 1578/2005 "reducing for the 2005/06 marketing year the amount of aid to producers of certain citrus fruits following an overrun on the processing threshold in certain member states."

As already described in previous reports, the EU Common Market Organization (CMO) for citrus implies that producers are entitled to a payment based on the volume of fruit delivered to processors for juice production. The payment is subject to a country and an EU threshold. If the EU threshold is overrun (considering a 3-year average), payments to farmers in member states responsible for the over-supply are reduced pro rata. Payments also depend on the type of contract between the farmer and the processing industry, as multi-annual contracts are encouraged by EU regulations.

Italian orange producers delivering oranges to processors will have their payments cut by 44.26% in 2005/06 from previous years. Portuguese citrus farmers will face lower cuts. The resulting situation for Italy will be as follows:

	Multiannual contract	Contract for single marketing year	Individual producer
Payment (Euro/MT of delivered product)	88.3	76.7	69.1

Payments for deliveries of tangerines to processors will be as follows:

	Multiannual contract	Contract for single marketing year	Individual producer
Payment (Euro/MT of delivered product)	58.4	50.7	45.7

Despite the reduced payments, Italian orange juice production is expected to increase for the 2005/06 campaign because of serious difficulties in marketing the fresh production. This will likely result in increased stocks.

## PSD Table

Country	Italy						65 Degrees Brix
Commodity	Orange Juice						(MT)
Market Year Begin	2003 USDA Official [ Estimate[1]A 01/2004	Revised Estimate[1]A 01/2004	2004 USDA Official [ Estimate[1]A 01/2005	Estimate Estimate[1]A 01/2005	2005 USDA Official [ Estimate[1]A 01/2006	Forecast Estimate[New] 01/2006	UOM MM/YYYY
Deliv. To Processors	917000	917000	950000	950000	0	1090000	(MT)
Beginning Stocks	25000	25000	31000	31000	32000	32000	(MT)
Production	40500	40500	42000	42000	0	48000	(MT)
Imports	25000	25000	22000	22000	0	20000	(MT)
TOTAL SUPPLY	90500	90500	95000	95000	32000	100000	(MT)
Exports	15000	15000	18000	17000	0	17000	(MT)
Domestic Consumption	44500	44500	45000	46000	0	48000	(MT)
Ending Stocks	31000	31000	32000	32000	0	35000	(MT)
TOTAL DISTRIBUTION	90500	90500	95000	95000	0	100000	(MT)

### Tangerines

Italian tangerine production is expected to show a moderate growth, around 3%, in 2005/06 from the previous campaign. Weather conditions have been generally good during the ripening season, however, the high incidence of small caliber fruits have reduced the commercial production and has negatively influenced market prices. Imports are mainly represented by seedless varieties from Spain, which are showing a declining long-term trend because of increasing domestic production of seedless easy-peels, that have been progressively replacing seed-in mandarins.

Exports are stable or slightly increasing despite the high domestic production because of the fierce international competition from other EU (mainly Spain) and non-EU countries. Prices are in line with 2004/05.

## PSD Table

Country Commodity	Italy		(HECTARES)(1000 TREES)(100				UOM
	Tangerines, Fresh		2003	2004	2005	2005	
Market Year Begin	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [	Estimate[1]	A Official [	Estimate[1]	A Official [	Estimate[New]	
	11/2003		11/2004		11/2005		MM/YYYY
Area Planted	33141	33141	33350	33000	0	33619	(HECTARE)
Area Harvested	31842	31842	32074	32414	0	32270	(HECTARE)
Bearing Trees	14756	14756	14800	14800	0	0	(1000 TRE
Non-Bearing Trees	0	0	0	0	0	0	(1000 TRE
TOTAL No. Of Trees	14756	14756	14800	14800	0	0	(1000 TRE
Production	528	528	578	610	0	630	(1000 MT)
Imports	105	105	90	90	0	80	(1000 MT)
TOTAL SUPPLY	633	633	668	700	0	710	(1000 MT)
Exports	40	40	45	45	0	45	(1000 MT)
Fresh Dom. Consumption	428	428	448	465	0	475	(1000 MT)
Processing	165	165	175	190	0	190	(1000 MT)
TOTAL DISTRIBUTION	633	633	668	700	0	710	(1000 MT)

### Lemons and lemon juice

Fresh lemon production in 2005/06 is expected in line with the previous campaign at about 610,000 tons, about 70,000 tons up from the low performance of 2003/04. As already stressed in previous reports, forecasts for lemon are usually less accurate than for other fruit because the two crops are obtained in one marketing year. Winter production (Primo Fiore) is about 75% of the volume produced, while spring varieties, Bianchetto and Verdello, account for respectively 15% and 10%.

As a result of the increased domestic production imports are expected down and exports are expected up. Prices are stable or slightly increasing thanks to the generally good quality of the fruit.

## PSD Table

Country Commodity	Italy Lemons, Fresh						UOM
	2003 USDA Official	Revised Estimate	2004 Official	Estimate	2005 Official	Forecast Estimate	
Market Year Begin	10/2003		10/2004		10/2005	MM/YYYY	
Area Planted	33284	33284	30636	30633	0	30434 (HECTARE)	
Area Harvested	33274	33274	29370	29336	0	29142 (HECTARE)	
Bearing Trees	0	0	0	0	0	0 (1000 TRE)	
Non-Bearing Trees	0	0	0	0	0	0 (1000 TRE)	
TOTAL No. Of Trees	0	0	0	0	0	0 (1000 TRE)	
Production	534	534	542	609	0	609 (1000 MT)	
Imports	93	93	80	75	0	65 (1000 MT)	
TOTAL SUPPLY	627	627	622	684	0	674 (1000 MT)	
Exports	32	32	32	45	0	50 (1000 MT)	
Fresh Dom. Consumption	292	292	291	319	0	320 (1000 MT)	
Processing	303	303	299	320	0	304 (1000 MT)	
TOTAL DISTRIBUTION	627	627	622	684	0	674 (1000 MT)	

Processing is expected down in 2005/06 mainly because of the high stocks accumulated in previous campaigns, but also because of the international competition of more price-competitive products from Latin-American countries.

## PSD Table

Country Commodity	Italy Lemon Juice						UOM
	2003 USDA Official	Revised Estimate	2004 Official	Estimate	2005 Official	Forecast Estimate	
Market Year Begin	10/2003		10/2004		10/2005	MM/YYYY	
Deliv. To Processors	303000	303000	299000	320000	0	304000 (MT)	
Beginning Stocks	13000	13000	13000	13000	13500	13500 (MT)	
Production	77000	77000	79000	84000	0	79800 (MT)	
Imports	3200	3200	3500	420	0	450 (MT)	
TOTAL SUPPLY	93200	93200	95500	97420	13500	93750 (MT)	
Exports	11800	11800	12500	13000	0	13000 (MT)	
Domestic Consumption	68400	68400	69500	70920	0	70000 (MT)	
Ending Stocks	13000	13000	13500	13500	0	10750 (MT)	
TOTAL DISTRIBUTION	93200	93200	95500	97420	0	93750 (MT)	

### Grapefruit

Italian grapefruit production is very limited and generally stable. Most of the fresh fruit consumed in the country is imported from Israel and South Africa. Processing is also residual.

## PSD Table

Country Commodity Market Year Begin	Italy Grapefruit, Fresh						UOM
	2003	Revised	2004	Estimate	2005	Forecast	
	USDA Official [	Estimate[1]	A Official [	Estimate[1]	A Official [	Estimate[New]	
	06/2003		06/2004		06/2005	MM/YYYY	
Area Planted	310	310	310	310	0	310	(HECTARE)
Area Harvested	245	245	245	252	0	252	(HECTARE)
Bearing Trees	0	0	0	0	0	0	(1000 TRE
Non-Bearing Trees	0	0	0	0	0	0	(1000 TRE
TOTAL No. Of Trees	0	0	0	0	0	0	(1000 TRE
Production	7	7	7	7	0	8	(1000 MT)
Imports	38	38	38	38	0	37	(1000 MT)
TOTAL SUPPLY	45	45	45	45	0	45	(1000 MT)
Exports	5	5	5	5	0	6	(1000 MT)
Fresh Dom. Consumption	39	39	39	39	0	39	(1000 MT)
Processing	1	1	1	1	0	0	(1000 MT)
TOTAL DISTRIBUTION	45	45	45	45	0	45	(1000 MT)

### Italian citrus producers increasingly looking at the U.S. market

As already anticipated in the citrus April 2005 report (IT5016), the Italian citrus industry is looking at the U.S. market for enhancing export performance. The regional government of Sicily is sponsoring a multi-annual initiative called "Sweet Peel," along with the Ministry of Agriculture, the Italian Trade Commission and the local Chamber of Commerce, to promote Sicilian blood oranges in the United States. The initiative included a reverse trade mission of U.S. buyers in Sicily (last January 2005) and subsequent in-store promotions. More than 50% of the program funding was public money.

Another Italian initiative targeting the U.S. market involves organic tangerines from the Calabria region, which have been certified according to the National Organic Program of the United States. The Calabrian tangerines are also an EU protected Geographic Indication (PGI – Protected Indication of Origin).

No official trade data is yet available for the 2005/06 campaign. In the period January – September 2005 Italian citrus exports to the United States were as follows:

	Jan-Sept. 04	Jan-Sept. 05
Oranges (MT)	337	1,265
Tangerines (MT)	0	23
Lemons (MT)	14	6
Other citrus (MT)	5	8

Source. ISTAT, Italian statistical office

### Concerns for chemical treatments on imported citrus

Recent Italian press articles reported the seizure of about 5,000 tons of oranges imported from extra-EU countries, mainly Argentina, Uruguay and South Africa, by the Ministry of Agriculture's anti-fraud department. The reason for the seizure was the detection of

Tiabendazole (also indicated as TBZ or E233 in the European Union), a surface preservative banned in the European Union territory since 1999. Consumers' associations expressed concern about these findings as Italians often use citrus skins as flavorings for cooking and for the preparation of homemade liquors.

## Price Tables

**Prices Table****Country** Italy**Commodity** Oranges, FreshPrices in  per uom 

Year	2004	2005	% Change
Jan	0.27	0.21	-22%
Feb	0.27	0.21	-22%
Mar	0.32	0.24	-25%
Apr	0.25	0.29	16%
May	0.25	0.24	-4%
Jun			
Jul			
Aug			
Sep			
Oct	0.24	0.25	4%
Nov	0.29	0.28	-3%
Dec	0.25		-100%

Exchange Rate  Local Currency/US \$Date of Quote  MM/DD/YYYY**Country** Italy**Commodity** Lemons, FreshPrices in  per uom 

Year	2004	2005	% Change
Jan	0.25	0.23	-8%
Feb	0.22	0.22	0%
Mar	0.21	0.22	5%
Apr	0.21	0.23	10%
May	0.23	0.25	9%
Jun	0.26	0.25	-4%
Jul	0.31	0.31	0%
Aug	0.31	0.33	6%
Sep	0.29	0.34	17%
Oct	0.32	0.35	9%
Nov	0.35	0.39	11%
Dec	0.29		-100%

Exchange Rate  Local Currency/US \$Date of Quote  MM/DD/YYYY

# Prices Table

**Country** Italy

**Commodity** Tangerines, Fresh

Prices in  per uom

Year	<input type="text" value="2004"/>	2005	% Change
Jan	<input type="text" value="0.36"/>	<input type="text" value="0.36"/>	0%
Feb	<input type="text" value="0.29"/>	<input type="text" value="0.29"/>	0%
Mar	<input type="text"/>	<input type="text"/>	
Apr	<input type="text"/>	<input type="text"/>	
May	<input type="text"/>	<input type="text"/>	
Jun	<input type="text"/>	<input type="text"/>	
Jul	<input type="text"/>	<input type="text"/>	
Aug	<input type="text"/>	<input type="text"/>	
Sep	<input type="text"/>	<input type="text"/>	
Oct	<input type="text" value="0.25"/>	<input type="text" value="0.62"/>	148%
Nov	<input type="text" value="0.42"/>	<input type="text" value="0.35"/>	-17%
Dec	<input type="text" value="0.29"/>	<input type="text"/>	-100%

Exchange Rate  Local Currency/US \$

Date of Quote  MM/DD/YYYY